



MCI Telecommunications
Corporation

1801 Pennsylvania Avenue, NW
Washington, DC 20006
202 872 1600

ORIGINAL
DOCKET FILE COPY ORIGINAL

November 16, 1993

RECEIVED
NOV 16 '93
FEDERAL COMMUNICATIONS
COMMISSION
OFFICE OF THE
SECRETARY

Mr. William Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

Re: RM-8357/ Proposed Revision of Section 69.605 of the
Commission's Rules to Allow Small Cost Settlement Companies
to Elect Average Schedule Settlement Status

Dear Mr. Caton:

Enclosed herewith for filing are the original and four (4) copies of MCI Telecommunications Corporation's Reply Comments in the above-captioned proceeding.

Please acknowledge receipt by affixing an appropriate notation on the copy of the MCI Petition furnished for such purpose and remit same to the bearer.

Sincerely yours,

Elizabeth Dickerson
Manager, Federal Regulatory

Enclosure
ED/ms

No. of Copies rec'd
List ABCDE

054
CCB

ORIGINAL

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20054**

FEDERAL COMMUNICATIONS
COMMISSION
OFFICE OF THE
SECRETARY

Nov 16 '93

RECEIVED

In the Matter of)
)
Proposed Revision of Section)
69.605 of the Commission's Rules)
to Allow Small Cost Settlement)
Companies to Elect Average Schedule)
Settlement Status)

RM No. 8357

REPLY COMMENTS

MCI Telecommunications Corporation (MCI) hereby submits its reply to comments filed in response to the Petition for Rulemaking filed by the National Exchange Carrier Association, Inc. (NECA) in the above-captioned proceeding. In its petition, NECA requested that the Commission initiate a rulemaking proceeding to modify § 69.605 of its rules to permit small local exchange carriers (LECs) significant flexibility in electing average schedule status. In comments filed November 1, 1993, MCI urged the Commission to deny NECA's petition on the basis that NECA had failed to illustrate either that changed circumstances in the industry warranted such flexibility or that the proposed option was free from potential ratepayer abuses.

Numerous small telephone companies submitted comments in response to NECA's petition,¹ generally arguing that adoption of the petition would

¹ Because so few of these carriers provided addresses for service of MCI's reply comments, MCI requests that NECA ensure that these NECA member companies receive copies of this filing.

"expand the universe of companies settling on the basis of the average schedules" and "extend the benefits of incentive regulation to even more LECs."² TDS Telecommunications Corp., while failing to cite any data, contends both that grant of the rule change would have minimal impact on the NECA pool revenue requirements or current average schedule companies. Further, it contends that "[t]he benefits of NECA's proposal far exceed the costs."³ The Organization for the Protection and Advancement of Small Telephone Companies (OPASTCO) submits that the Commission's willingness to waive the average schedule restriction twice before now, illustrates that it "recognizes the benefit of allowing small companies to convert to average schedules."⁴ The National Telephone Cooperative Association (NTCA) believes that "NECA's proposal may be conservatively restrictive and suggests that the Commission increase the proposal to allow conversion eligibility up to 20,000 access lines."⁵ Finally, USTA requests that "as circumstances change, [small LECs] should be granted the flexibility to return to average schedule...."

None of the parties supporting NECA's petition has provided any information regarding how many companies would convert to average schedule

² See, e.g., Comments of Blossom Telephone, p. 1; Comments of Armstrong Telephone Companies, p. 1; and Comments of Barry County Telephone Company, p. 1.

³ TDS Comments, p. 2.

⁴ OPASTCO Comments, p. 3.

⁵ NTCA Comments, p. 3.

or what the financial impact of such a conversions would be. Without such quantification, it is difficult to weigh the costs and benefits of NECA's proposal. Nor is it evident that the benefits are significant or realizable. The Commission already has provided two opportunities for carriers to convert to average schedule since divestiture (during which time USTA notes "circumstances have drastically changed"⁶). MCI questions what circumstances have changed since the two previous occasions on which the Commission has allowed carriers to opt for average schedule status so as to warrant the Commission now extending the "unbounded opportunity" for selection that it previously declined to offer.⁷ Indeed, the NTCA wants to further expand the opportunity (by doubling the size of the carrier who would qualify for increased regulatory flexibility), yet it fails to offer any justification at all.

MCI believes that commenting parties have failed to justify why the Commission should provide the small carriers the wholesale opportunity to switch between regulatory regimes at will. Having twice declined the option, they have not defined the changed circumstances that even would warrant a third limited offering, much less the open-ended invitation NECA seeks. To the extent that any carrier faces special circumstances, MCI certainly urges carriers to petition the Commission, as did National Utilities, Inc., for a waiver of the

⁶ USTA Comments, p. 3.

⁷ NECA's Proposed Waiver of Section 69.605(c) of the Commission's Rules, Memorandum Opinion and Order, CC Docket No. 78-72 (Phase I), 2 FCC Rcd 3960 (1987).

rules. It is more appropriate to extend flexibility only to those carriers who specifically identify the changed circumstances that underlie their desire to restore average schedule status.

For these reasons, MCI urges the Commission to reject NECA's petition and not initiate a proceeding that modifies Part 69.605 of its rules.

Respectfully submitted,

MCI TELECOMMUNICATIONS CORPORATION

A handwritten signature in black ink that reads "Elizabeth Dickerson". The script is cursive and fluid, with the first letters of the first and last names being capitalized and prominent.

Elizabeth Dickerson
Manager, Regulatory Analysis
1801 Pennsylvania Avenue, NW
Washington, DC 20036
(202) 887-3821

November 16, 1993

STATEMENT OF VERIFICATION

I have read the foregoing and, to the best of my knowledge, information, and belief, there is good ground to support it, and it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on November 16, 1993.

A handwritten signature in cursive script that reads "Elizabeth Dickerson". The signature is written in dark ink and is positioned above a horizontal line.

Elizabeth Dickerson
1801 Pennsylvania Avenue, NW
Washington, DC 20006
(202) 887-3821

CERTIFICATE OF SERVICE

I, Susan Travis, do hereby certify that copies of the foregoing MCI's Reply Comments were sent via first class mail, postage paid, to the following on this 16th day of November 1993:

Kathleen Levitz**
Chief, Common Carrier Bureau
Federal Communications Commission
Room 500
1919 M Street, N.W.
Washington, DC 20554

Judy Nitsche**
Federal Communications Commission
Room 518
1919 M Street, N.W.
Washington, DC 20554

Gregory J. Vogt**
Chief, Tariff Division
Federal Communications Commission
Room 518
1919 M Street, N.W.
Washington, DC 20554

International Transcription Service**
Federal Communications Commission
Room 246
1919 M Street, N.W.
Washington, DC 20554

Dan Grosh**
Federal Communications Commission
Room 518
1919 M Street, N.W.
Washington, DC 20554

David L. Sieradzki**
Policy and Program Planning Division
Federal Communications Commission
1919 M Street, N.W.. Room 544
Washington, DC 20554

Ann Stevens**
Federal Communications Commission
Room 518
1919 M Street, N.W.
Washington, DC 20554

Roslyn Thony, Manager
Armstrong Telephone Companies
One Armstrong Place
Butler, PA 16001

Robert E. Fisher
General Manager
Barry County Telephone Company
123 West Orchard
P. O. Box 128
Delton, MI 49046

C. M. Darries, Manager
Blossom Telephone Company
P. O. Box 8
Blossom, TX 75416

David Cosson
NTCA
2626 Pennsylvania Avenue, NW
Washington, DC 20037

John E. Koppin, CAE
President
Indiana Telephone Association, Inc.
54 Monument Circle
Suite 200
Indianapolis, IN 46204

Lisa M. Zaina
OPASTCO
21 Dupont Circle, NW
Suite 700
Washington, DC 20036

Margot Smiley Humphrey
Koteen & Naftalin
1150 Connecticut Avenue, NW
Suite 1000
Washington, DC 20036

Martin T. McCue
Vice President & General Counsel
USTA
900 19th Street, NW, Suite 800
Washington, DC 20006-2105

Hand Delivered**


Susan Travis